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December 18, 2020

CLIC Member District

Re: Excess \$1,000,000 OR \$3,000,000 in Cyber Liability Limits  
Policy # B1262F1688020  
Policy Effective: 12/31/2020 to 7/1/2021

Dear CLIC Member,

Thank you for the opportunity to provide your district with a quotation for an additional \$1,000,000 or \$3,000,000 in Cyber Liability Limits.

We are not aware of any changes in your exposures to loss, nor are we aware of any changes in your business operations that would necessitate additional coverage options. Please notify us immediately if you are planning any new business operations.

We would like to outline the following notable points for your consideration:

- Any entity not named in this proposal, may not be an insured entity. This may include affiliates, subsidiaries, LLC's, partnerships and joint ventures.
- The insurance carrier is Lloyd's of London (Pfarmigan Underwriting).
- The premium you will receive in a separate email is based upon the district's student count and reported operating budget. This is not subject to annual audit.
- Defense limitations are within policy limit (expenses erode policy limit).
- Significant policy exclusions include but are not limited to the following:
  - Fraudulent or Criminal Acts, Errors, or Omissions of the Insured Organization (with Final Adjudication)
  - Bodily Injury/Property Damage
  - Employment-Related Claims
- Immediately report all claims:  
Phelps Dunbar LLP  
Canal Place  
365 Canal Street, Suite 2000  
New Orleans, LA 70130, USA  
cyber.notice@phelps.com  
Via The 24/7 toll-free Phelps Cyber Claim Hotline – (833) 229-1647

**To bind this policy, please refer to the 'Client Authorization to Bind Coverage' page attached.**

1. Note any changes you desire to be made.
2. Date and sign.
3. Return prior to the effective date of coverage.

We appreciate your business and look forward to working with you in the coming year. Please contact us if you have any questions.



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Sincerely,

Michael J. McHugh  
Area Senior Executive Vice President

Byron Given, CLCS  
Area Vice President



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### Compensation Disclosure Schedule

Coverage(s)	Carrier Name(s)	Wholesaler, MGA, or Intermediary Name 1	Estimated Annual Premium 2	Comm % or Fee 3	Gallagher U.S. owned Wholesaler, MGA or Intermediary %
Cyber Liability	Underwriters at Lloyd's London (Ptarmigan Underwriting)	Gallagher London	See separate Email	15.5%	9.5%

1. We were able to obtain more advantageous terms and conditions for you through an intermediary/wholesaler.
2. If the premium is shown as an indication: The premium indicated is an estimate provided by the market. The actual premium and acceptance of the coverage requested will be determined by the market after a thorough review of the completed application.  
\* A verbal quotation was received from this carrier. We are awaiting a quotation in writing.
3. The commission rate is a percentage of annual premium excluding taxes & fees.  
\* Gallagher is receiving 15.5% commission on this policy.



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## Important Disclosures

**IMPORTANT:** The proposal and/or any executive summaries outline certain terms and conditions of the insurance proposed by the insurers, based on the information provided by your company. The insurance policies themselves must be read to fully understand the terms, coverages, exclusions, limitations and/or conditions of the actual policy contract of insurance. Policy forms will be made available upon request. We make no warranties with respect to policy limits or coverage considerations of the carrier.

**TRIA/TRIPRA Disclaimer** – If this proposal contains options to purchase TRIA/TRIPRA coverage, the proposed TRIA/TRIPRA program may not cover all terrorism losses. While the amendments to TRIA eliminated the distinction between foreign and domestic acts of terrorism, a number of lines of coverage excluded under the amendments passed in 2005 remain excluded including commercial automobile, burglary and theft insurance; surety insurance, farm owners multiple perils and professional liability (although directors and officers liability is specifically included). If such excluded coverages are required, we recommend that you consider purchasing a separate terrorism policy. Please note that a separate terrorism policy for these excluded coverages may be necessary to satisfy loan covenants or other contractual obligations. TRIPRA includes a \$100 billion cap on insurers' aggregate liability.

The TRIPRA program increases the amount needed in total losses by \$20 million each calendar year before the TRIPRA program responds from the 2015 trigger of \$100 million to \$200 million by the year 2020.

TRIPRA is set to expire on December 31, 2020. There is no certainty of extension, thus the coverage provided by your insurers may or may not extend beyond December 31, 2020. In the event you have loan covenants or other contractual obligations requiring that TRIA/TRIPRA be maintained throughout the duration of your policy period, we recommend that a separate "Stand Alone" terrorism policy be purchased to satisfy those obligations.



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## Compensation Disclosure

1. Gallagher Companies are primarily compensated from the usual and customary commissions, fees or, where permitted, a combination of both, for brokerage and servicing of insurance policies, annuity contracts, guarantee contracts and surety bonds (collectively “insurance coverages”) handled for a client’s account, which may vary based on market conditions and the insurance product placed for the client.
2. In placing, renewing, consulting on or servicing your insurance coverages, Gallagher companies may participate in contingent and supplemental commission arrangements with intermediaries and insurance companies that provide for additional compensation if certain underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Gallagher with the insurance company, not on an individual policy basis. As a result, Gallagher may be considered to have an incentive to place your insurance coverages with a particular insurance company. If you do not wish to have your commercial insurance placement included in consideration for additional compensation, contact your producer or service team for an Opt-out form.
3. Gallagher Companies may receive investment income on fiduciary funds temporarily held by them, or from obtaining or generating premium finance quotes, unless prohibited by law.
4. Gallagher Companies may also access or have an ownership interest in other facilities, including wholesalers, reinsurance intermediaries, captive managers, underwriting managers and others that act as intermediaries for both Gallagher and other brokers in the insurance marketplace some of which may earn and retain customary brokerage commission and fees for their work.

If you have specific questions about any compensation received by Gallagher and its affiliates in relation to your insurance placements, please contact your Gallagher representative for more details.

In the event you wish to register a formal complaint regarding compensation Gallagher receives from insurers or third-parties, please contact Gallagher via e-mail at [Compensation\\_Complaints@ajg.com](mailto:Compensation_Complaints@ajg.com) or by regular mail at:

Chief Compliance Officer  
Gallagher Global Brokerage  
Arthur J. Gallagher & Co.  
2850 Golf Rd.  
Rolling Meadows, IL 60008



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## CARRIER RATINGS AND ADMITTED STATUS

<b>Proposed Insurance Companies</b>	<b>A.M. Best's Rating &amp; Financial Size Category *</b>	<b>Admitted/Non-Admitted **</b>
Lloyd's of London (Ptarmigan Underwriting)	A XV	Admitted

\*Gallagher companies use A.M. Best rated insurers and the rating listed above was verified on the date the proposal document was created.

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A Best's Financial Strength Rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. It is not a warranty of a company's financial strength and ability to meet its obligations to policyholders. Best's Credit Ratings™ are under continuous review and subject to change and/or affirmation. For the latest Best's Credit Ratings™ and Guide to Best's Credit Ratings, visit the A.M. Best website at <http://www.ambest.com/ratings>

\*\*If coverage placed with a non-admitted carrier, it is doing business in the state as a surplus lines or non-admitted carrier, and is neither subject to the same regulations as an admitted carrier nor do they participate in any state insurance guarantee fund.

Gallagher companies make no representations and warranties concerning the solvency of any carrier, nor does it make any representation or warranty concerning the rating of the carrier which may change.

**COLLECTIVE LIABILITY INSURANCE COOPERATIVE  
CLIENT AUTHORIZATION TO BIND COVERAGE**

After careful consideration of Gallagher’s proposal dated **December 18, 2020**, we accept the following coverage(s). Please check the desired coverage(s) and note any coverage amendments below:

**POLICY OPTIONS:**

YES	NO	OPTION DESCRIPTION
		<b>Bind All Policies As Shown Below:</b>
		Option #1 - Additional \$1,000,000 in Cyber Liability Limit
		Option #2 - Additional \$3,000,000 in Cyber Liability Limit
		<b>Bind TRIA Terrorism Coverage As Quoted Except For the Following Policies</b>
		<b>Provide Quotations or Additional Information on the following Coverage Considerations</b>

The above coverage may not necessarily represent the entirety of available insurance products. If you are interested in pursuing additional coverages other than those addressed in the coverage considerations included in this proposal, please list below:

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**EXPOSURES AND VALUES**

We confirm the payroll, values, schedules, and other data contained in the proposal, and submitted to the underwriters, are compiled from our records and we acknowledge it is our responsibility to see that they are maintained accurately. If no updates were provided to Gallagher, the values, exposures and operations used were based on the expiring policies.

Gallagher’s liability to Client arising from any acts or omissions of Gallagher shall not exceed \$20 million in the aggregate. Gallagher shall only be liable for actual damages incurred by Client, and shall not be liable for any indirect, consequential or punitive damages or attorneys’ fees. No claim or cause of action, regardless of form (tort, contract, statutory, or otherwise), arising out of, relating to or in any way connected with this Agreement or any Services provided hereunder may be brought by either party any later than two (2) years after the accrual of such claim or cause of action.

Gallagher has established security controls to protect Client confidential information from unauthorized use or disclosure. For additional information, please review Gallagher’s Privacy Policy located at <https://www.ajg.com/privacy-policy/>

I have read, understand and agree that the above-information is correct and has been disclosed to us prior to authorizing Gallagher to bind coverage and/or provide services to us.

\_\_\_\_\_  
Client Signature

\_\_\_\_\_  
District Name

\_\_\_\_\_  
Dated